

Protea weathers March market rout, adds Le Roux as head of operations

Johannesburg-based Protea Capital Management has boosted its team with the appointment of Willem le Roux as head of operations as of April 1.

Founded by Jean Pierre Verster in 2016 and obtaining its FSP licence in May 2019, Protea Capital Management now has more than R450 million under management across three equity long/short hedge funds – a South African fund, a global fund, and a worldwide fund, which combines domestic and global exposure.

Le Roux has a BCom Honours in Financial Risk Management from the University of Stellenbosch. He was most recently an implementation manager at Fairtee, and prior to that COO at Sharenet, where he spent almost five years. His appointment comes as Protea finalises its independence from Fairtree in the next two months.

The five-strong team now includes Richard Cheesman as senior analyst, who came on board last year after eight years at Investec, where he covered a range of sectors. Cecile Hechter also joined earlier this year to focus on client service and marketing, working alongside Edrich Jansen, who heads business development

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Jean Pierre Verster

Verster's proprietary quantamental investment process, which he has refined over the past 10 years, combines fundamental research with quantitative processes to identify investible stocks in the South African and global markets.

His global fund is 13.12% higher so far this year to the end of March, while the worldwide fund has dipped 2.17% and the South African fund is 17.86% lower. Annualised returns are strong, coming in at a respective 13.46%, 9.6% and 2.37%.

Verster says that South African funds with offshore exposure fared better in March's mar-

ket rout, and is pleased to note that his funds outperformed the broader markets in a time of extreme stress.

“Investors need to be aware that hedge funds are not a homogenous group and therefore, do not have a homogenous return profile,” he said. “If markets go down, it is not realistic to expect long-biased equity hedge funds to not be affected in some way. We need to manage investor expectations.”

Verster added that all his funds are positioned at the lower end of their historical net exposure ranges. He retains a bearish outlook, despite an April rally in markets, based on his quantamental models, where earnings expectations of companies have been reduced to account for the damaging impact of the COVID pandemic.

“Many South African companies were showing good value earlier this year, but we have to acknowledge the potential negative impact from the pandemic on their earnings, which alters the outlook significantly in many sectors,” he said.

Protea has attracted net inflows from investors in every month year to date (including March and April) as it focuses on building a diversified investor base.



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